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INSTRUCTIONS: Use officer designations in the "TO" column. Number each comment to correspond with the number in the "TO" column. Draw a line across the sheet under each comment. Each officer should date and initial (check mark insufficient) before further routing. This Routing and Record sheet should NOT be removed from the attached RECORD document.

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DATE 2007

DISPATCH		CLASSIFICATION S E C R E T	DISPATCH SYMBOL AND NO. EGBA-52531
TO INFO	Chief, EE COS		HEADQUARTERS FILE NO. 32E-126-0024 Field File No. 690
FROM	Chief of Base, Berlin		DATE 18 September 1958
SUBJECT	Operational/CADORY LCCASSOCK/FY 1959 Project Renewal		RE: "43-3" - (CHECK "X" ONE) <input type="checkbox"/> MARKED FOR INDEXING <input checked="" type="checkbox"/> NO INDEXING REQUIRED
ACTION REQUIRED	Renewal of Project LCCASSOCK		 <input type="checkbox"/> INDEXING CAN BE JUDGED BY QUALIFIED HQ. DESK ONLY

REFERENCE(S)

- A. EGQW-36322, 10 May 1958
- B. EGQA-88546, 18 Apr 1958
- C. EGQA-98111, 11 Apr 1958

1. Transmitted under separate cover is BOB's portion of the LCCASSOCK FY 1959 renewal data, keyed to relevant items in the format transmitted under Reference A.

2. Despite the changes in project assets and operations over the past year, no major modification of project objectives, as detailed in the current project outline, is deemed necessary at this time. A program of modified production and distribution activities and other changes in existing project assets and activities, within the framework of the present project outline, are proposed in a supplementary FY 1959 operational program (Attachment C).

3. In case Headquarters should subsequently consider a revision of the current project outline advisable--in the light of evolving Headquarters policy or our FY 1959 operational proposals--our Attachment D comments on various aspects of the project outline may be of some assistance. In each case our suggestions for possible changes are keyed to relevant paragraphs of the project outline.

4. The above documents have been prepared to conform to the views and financial directives of EGBW-10564, 13 August 1958.

APPROVED

Attachments:

- A. Project renewal data (HW)
- B. Breakdown of FY 1959 operational expenses (HW)
- C. FY 1959 operational program (HW)
- D. Comments on current project outline (HW)
- E. Identities (USC)

Distribution:

- 4-EE w/attachments and ditto master
- 2-COS w/attachments

agm

RM 53b 57	USE PREVIOUS EDITION. REPLACES FORMS 51-28, 51-28A AND 51-29 WHICH ARE OBSOLETE.	CLASSIFICATION S E C R E T	<input type="checkbox"/> CONTINUED	PAGE NO.
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PROJECT RENEWAL - LCCASSOCK

4c. The most significant changes in the project over the past year have been (1) the legalization of CARDINALE; (2) establishment of commercial cover; (3) a cutback in the variety of KUCAGE media and a correspondingly greater emphasis on media with more direct PP impact on priority target groups; (4) substantial increase in production and distribution activities, as compared to the previous year; (5) greater emphasis on LCCASSOCK correspondence aimed at priority targets; and (6) expansion of "satellite mail" operations.

(1) LCCASSOCK legalization developments were summarized in EGBA-47127, 13 January 1958, and relevant documentation was transmitted under EGBA-48335, 14 March 1958. CARDINALE is now established as a legitimate West Berlin firm. When fully executed, the legal documents relating thereto will confirm KUBARK 76% equity in the business, complete the transfer of project physical assets from CARLABON (dissolved as of 1 January 1958) to CARDINALE, legalize a KUBARK trusteeship over the project via LCCASSOCK-7, and legitimize the regular KUBARK funding of LCCASSOCK activities through a cover cut-out in the United States. Cover correspondence to provide an additional backstop to LCCASSOCK legalization will be prepared and appropriately filed in the near future.

(2) A period of experimental commercialization was initiated in March 1958. The nature and extent of this program was detailed in EGBA-47295, 7 April 1958. Its main purposes are to provide a bonafide cover for KUCAGE activities (and, incidentally, to enhance indirectly the name and reputation of the commercialized publication, Identity 1, in the eyes of its Soviet Bloc audience); to facilitate eventual CAWASH "participation" in and support of LCCASSOCK as a solvent and viable Cold War instrument; and to permit an eventual transformation of the KUBARK relationship with LCCASSOCK from a proprietary to a purchase-of-services status. An interim progress report on this commercialization experiment was forwarded under EGBA-49775, 12 May 1958. A full analysis of the commercialized Identity 1 publication was submitted under EGBA-52315, 15 September 1958. Our conclusions based on this analysis may be summarized as follows: Although net costs during the experimental period averaged somewhat more than was originally anticipated, due to the slow build-up of the commercial distribution apparatus and the resulting lag in sales income, the prospects for commercial viability in the foreseeable future are good. It is expected that costs will begin to level off shortly while sales will continue to increase at an expanding rate. The superior editorial and technical quality of the magazine is becoming widely recognized, and its growing reputation in its field is expected to create a firm basis for an expanding sales program in FY 1959. We are recommending therefore that this program be continued in FY 1959 at a somewhat increased tempo, but with a gradual reduction in net cost (as income covers more and more of gross cost), commensurate with the cutback in the project subsidy and the priority KUCAGE operational program outlined in Attachment C.

(3) An initial cutback of project media production was completed by April 1958. A full report on this reorganization was submitted in EGBA-47295 and detailed in Attachment A thereto.

(4) Total production and distribution of media was increased substantially during the calendar year 1957, as compared to 1956. 492,472 items were produced and 392,539 items were distributed in 1956. In 1957, 855,969 items--or approximately twice as many--were published or otherwise made available for distribution. 651,917 items were distributed by mail in 1957, as compared to only 281,528 in 1956. The marked increase in operational capacity over these two years, it should be noted, was accomplished without any increase in the annual project budget. The increase was due mainly to the fact that, in early 1957, LCCASSOCK's production capability was augmented by its own low-cost printing plant, which began to turn out an increasing

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number and variety of media at reduced per unit cost. The increase in distribution activities over this period was due mainly to an expansion of LCCASSOCK mailing lists during 1957. 15,000 new addresses were added to these lists during the year, bringing the total number to 38,345 as of January 1958. Since January an additional 4,000 addresses have been added.

(5) Of the 38,345 addresses, as of 1 January, every 22nd person was an LCCASSOCK correspondent; at present the ratio is 20:1. (The term "correspondent" is defined in paragraph 4 of EGBA-49259, 17 April 1958.) In the period January 1957 through March 1958 the number of correspondents increased from 616 to 1,912 (they currently number 2,074). The number of non-GDR correspondents (included in these totals) rose over the same period from 171 to 640 (they currently number 721). 5,306 personal cards and letters were sent to Soviet Bloc target individuals and 2,494 written reactions were received from readers of LCCASSOCK media during the calendar year 1957. These statistics indicate an increasing emphasis by LCCASSOCK on the use of personal letters to supplement KUCAGE media distribution and to exert a continuing direct influence on target individuals. In the past few months, particular attention has been given to the application of this technique to priority target groups (see EGBA-49631, 6 May 1958).

(6) In 1957, 114,033 items or 13% of all media distributed under the project were mailed to satellite countries other than the GDR. This compares with only 30,120 items in the 1955-1956 period--an amount equivalent to only circa 8% of 1956 media production. This increased emphasis on satellite mail operations during the past year is reviewed and detailed in EGBA-48330, 7 April 1958.

4d. During 1957, the monthly output of all LCCASSOCK media averaged about 71,300 items, of which 76% was distributed by mail, 18% via hand distribution outlets, and 6% through sector border sales. In the first three months of 1958, the rate of total KUCAGE media output was decreased somewhat, and mail distribution was cut back in favor of increased hand and sales distribution, as LCCASSOCK reorganized a portion of its assets for commercial purposes. (Under the proposed operational program for FY 1959 it is expected that the previous volume and distribution ratios will be restored.) The political action capabilities of the project, although strictly subordinated to and conditional upon KUCAGE requirements, were sporadically activated through normal project contacts during the year, utilizing mainly the excellent LCCASSOCK connections with the Frankfurter Abendpost and the Neue Ruhr Zeitung for this purpose. Through KUCAGE correspondence contacts and LCCASSOCK connections with political and journalistic circles--in both West Berlin and West Germany--operational support and intelligence information were regularly furnished under the project during FY 1958. In addition to incidental information on West and East German political personalities and developments, LCCASSOCK principals also provided facilities and contacts in support of other KUCAGE and KUFIRE operations. The latter capability was most recently demonstrated in the case of CASCURRY (see EGBA-48712, 2 April 1958, and subsequent CASCURRY reporting).

4e. Chronological list of significant operational events and target actions attributable to the project's operations during the past 12 months:

(1) Beginning in September 1957 an irregular series of harassment letters, directed at MfS personalities, was initiated. The letters, containing elaborate, derogatory horoscopes on the target individuals, were sent to a limited number of selected East German residents who could be expected to turn the contents over to the MfS. In the latest phase of the operation, horoscopes were prepared on Hans FRUCK, an MfS division chief, and were mailed directly to four MfS Headquarters offices in Berlin-Lichtenberg. These actions were designed to introduce a note of uncertainty within the MfS bureaucracy and, perhaps, to mislead MfS investigative energies.

One letter, rejected by the recipient and returned to LCCASSOCK, suggested that the original batch of letters succeeded in passing through the East German postal channels. An abrupt halt in the return of "registered receipts" from later mailings indicated that the MfS may have subsequently instituted an across-the-board confiscation of the letters before they reached their destination. Recent letters have accordingly been sent via normal postal delivery in plain envelopes. No positive indications of effectiveness have been received. In view of the nature of the operation, it is not expected that such tangible evidence will become available.

(2) The defection of [] was exploited in two media in September 1957. A CABESTOW issue, distributed by mail in 15,000 copies to SED members and other politically potent target groups in the Soviet Zone, contained the full speech made by [] on Sender Freies Berlin after his defection; and an excellent "reform-Communist" analysis, a "self-criticism" which stressed the significance of the defection and demanded "corrections" in the East German intellectual atmosphere which made the defection "necessary," was published in an Identity 2 issue and distributed to SED functionaries.

(3) In March 1958 a special CABESTOW mailing action, replaying for selected SED/GDR targets the new "non-Marxist" SPOe program proposed by Benedikt KAUTSKY, was proposed by BOB. Details of this proposal were transmitted under EGBA-48591, 19 March 1958, and approval of the action was subsequently received from Headquarters. Production and distribution of the special CABESTOW issue are currently in progress.

(4) During the latter part of March 1958, the assistance of LCCASSOCK-1 and LCCASSOCK-2 was enlisted to provide [] with means of access to potential employers in West Germany after his fly-out from Berlin. Before he left for Frankfurt-Main, contact between [] and LCCASSOCK-1 and 2 was arranged by BOB and arrangements were made to extend LCCASSOCK help in paying []'s entree to several West German publishing and journalistic enterprises. In addition to providing [] with a professional basis in West Germany upon which further CALL/CADORY exploitation of his connections and talents can be developed, the assistance rendered by LCCASSOCK in this case may provide a useful peg for future LCCASSOCK/KUCAGE utilization of []'s experience and knowledge, if and when such employment is deemed operationally advisable.

(5) A special reprint of a speech by Probst GRUBER, top church official in East Germany, was produced in May 1958 in 4,500 copies for distribution to SED members, members of other zonal political parties, mass organizations and local community gathering places. The speech, which was delivered at the recent all-German Evangelical Synod meeting in Berlin, was in effect a surprise turnabout of GRUBER's previous policy of close accommodation to the Ulbricht regime, in that it contained a sharply-worded criticism of Ulbricht himself and a firm defense of Bishop DIBELIUS, with whom GRUBER associated himself as a consistent anti-Fascist. Because of its possible effects on the currently sensitive all-German Evangelical Church situation, the action was, at our request, cleared beforehand by LCCASSOCK with CAWASH in Berlin.

(6) In June 1958 LCCASSOCK produced 662 copies of a black letter in an operation directed at the Fifth SED Party Congress. For this action BOB furnished original letterhead stationery from the "Komitee der Antifaschistischen Widerstandskampfer," the GDR association of German Communist refugees from Naziism. The text of the letter was based on themes discussed with the case officer and was written by a LCCASSOCK collaborator in an appropriate "anti-fa" tone and with a view to creating a maximum divisive effect between the "old guard" and the opportunistic Ulbricht factions within the SED. The letters were prepared for distribution to members of the "Widerstandskampfer"

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Komitee, GDR editors, SED/ZK members and SED functionaries just prior to the convening of the SED Party Congress.

(7) In a modified version of the action described in paragraph 4e-(1) above, 400 horoscope harassment letters were prepared in June 1958 and mailed, ostensibly by a fictitious astrological institute in West Germany, to selected SED and MfS personalities. Each letter contained a carefully written horoscope analysis of the status and future of Fritz SELBMANN, particularly in his relationship to Ulbricht, and attempted thereby to increase SELBMANN's stature and prestige at a time when his deviationism was coming to a climax at the V Party Congress.

(8) In addition to "special actions" like those cited above, regular and specialized LCCASSOCK media were regularly produced in accordance with KUCAGE requirements and aimed at appropriate target groups and individuals in the Soviet Bloc during the year (see monthly summary production and distribution reports under the project over the past year). Direct evidence of effectiveness of these media is indicated by written reactions from Soviet Bloc recipients (almost always favorable, averaging 175 per month over the past six months), derogatory Communist press reaction to specific media (regularly reported in monthly progress reports), the steady increase in the number of LCCASSOCK regular correspondents over the past year (see para 5 under 4c above), and instances of Soviet Bloc press replay and plagiarism from LCCASSOCK media (also reported in monthly progress reports). GDR governmental concern with and press emphasis on themes and developments being exploited by LCCASSOCK, while serving primarily as guidance to LCCASSOCK KUCAGE tactics, provide a continuing indication that project media are being directed at sensitive and vulnerable points in the Soviet Zone body politic.

(9) Evidence of distribution effectiveness (as opposed to media effectiveness) is provided by written reactions from recipients attesting to the receipt of media, by registered mail receipts and rejected media or letters which are returned to LCCASSOCK routinely through the East German postal system, and by control letters which verify the timing and efficacy of LCCASSOCK's mailing apparatus. These indications are received regularly and in sufficient quantity to warrant the present assumption that at least 50% of all media mailed reach their targets in the Soviet Zone and that an even greater percentage, possibly 60-70%, are successfully distributed in other satellite areas. A comprehensive survey, presently being conducted by LCCASSOCK-4, of the extent and efficiency of East German and satellite postal controls and of the efficacy of the LCCASSOCK mailing apparatus is expected to provide a more reliable and accurate estimate of the effectiveness of project mailing operations. The distribution effectiveness of the hand distribution outlets, through which a minor portion of media was distributed in FY 1958, is more difficult to verify. On the basis of past checks and irregular observation of their operation, however, it is believed that a significant portion of media distributed by this means entered the Soviet Zone and that a substantial part thereof was received and read by the target audience. Sector border sales are presumed to have an almost 100% distribution effectiveness, since media distributed in this manner are delivered directly into the hands of sector border crossers, i.e., residents of East Berlin or the Soviet Zone.

(10) The location, size and nature of the LCCASSOCK target audience is determined by the type of medium distributed. At present, LCCASSOCK mailing lists contain over 42,000 names and addresses of individuals, organizations and installations in the Soviet Bloc (circa 35,000 in the GDR; circa 7,000 in other satellite areas). Each GDR addressee is classified for operational purposes in terms of his professional, political or occupational associations (other satellite addressees are thus far categorized only by

country of residence). Each LCCASSOCK publication is distributed to all addressees in the target category or categories appropriate to its content and objective. In FY 1958, large, regularly-appearing KUCAGE publications, produced in 15,000 to 20,000 copies, were given the widest distribution, utilizing most of the mailing target categories; while specialized items, produced in quantities ranging from 50 to 8,000, were usually tailored to a limited number of pre-selected target groups. Other names and addresses, aside from these lists, were also utilized from time to time.

4f. In evaluating the effectiveness of LCCASSOCK operations, it is important to keep in mind that the project is not concerned with mass coverage of a target population, nor is it devoted strictly to concentrated propaganda or defection actions against particular key target individuals. It approaches both ends of this methodological continuum--through its wide coverage of large target groups and its personal correspondence technique--but its objectives can hardly be subsumed exclusively under either "mass influence" or "ultimate defection." They can be conceived rather as "specific influence" within priority target groups and upon key individuals, with a view to indirectly stimulating through such groups and individuals an increased resistance to Communism and a corresponding weakening of the regime itself. Thus, LCCASSOCK project operations are more concentrated than mass media operations and, at the same time, are less concerned with direct individual reaction than are straight singleton actions. The criteria of LCCASSOCK effectiveness should accordingly be more exacting than those employed in mass influence operations and less demanding than those required by singleton actions.

With these preliminary considerations in mind, we can note that written reactions from target recipients and Soviet Bloc press reaction provide continuing evidence that LCCASSOCK media are regularly accessible to the target audience and, moreover, exert a positive influence on their recipients. While this influence is not presumed to be pervasive over the entire target area, there are good indications that, because it is directed at key groups and individuals, it is indirectly manifested in anti-Communist resistance, "deviationism" and a corresponding weakening of the Communist system. There is, to be sure, no concrete evidence that LCCASSOCK media have stimulated or been the indirect cause of an open or covert defection on the part of a target individual. This possibility was suggested in the case of CATAAL-1 (see EGBA-46575, 11 December 1957), but no information has been received to date to confirm this tentative hypothesis. There have been a considerable number of instances over the past year, however, in which the impact of LCCASSOCK media and correspondence has apparently modified or influenced target recipients in the direction of greater receptivity to Western influence, a more outspoken critical attitude toward the Communist regime, or even, in a few cases, overt or tacit collaboration with LCCASSOCK KUCAGE objectives. Examples of these types of influence have been regularly submitted in monthly progress reports and were most recently summarized in the case of East German and satellite press targets (EGBA-49259, 17 April 1958).

It is contemplated that LCCASSOCK "satellite mail" operations will be continued in the coming operational year. Our recommendations with regard to a further development of this program are contained in EGBA-48330, 7 April 1958. At the same time, LCCASSOCK media and letters directed at GDR target audiences will continue to utilize and improve the "tailor-made" approach to priority target elements and to concentrate on media and themes with maximum impact. Our proposals along these lines were summarized in EGBA-47295, 7 April 1958. In order to provide a firm basis for these operational programs, pursuant to the Related Mission Directive which requires the utilization of "bona fide German organizations and institutions to the maximum extent possible" for KUCAGE operations directed against the GDR, LCCASSOCK has recently been established as a legal publishing firm in West Berlin, legitimately funded via a KUBARK out-out in the U.S. Our recommendations for a commercialization of a portion of LCCASSOCK's assets--one result of which would be to confirm the firm's status as an independent, viable entity in the German community--were contained in EGBA-47295, 7 April 1958. Our proposals for a

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continuation of this program, based on the results of a three-month experimental period, are forwarded in EGBA-52315, 15 September 1958, and are included in the Attachment C, FY 1959 operational program.

4g. Project assets and contacts are not normally utilized for FI collection purposes. Incidental intelligence information is, however, provided irregularly by LCCASSOCK principals and/or connections in the context of normal project business. This information usually takes the form of informational items on current political developments, obtained from the P/A's contacts with journalistic or political associates; or summary analyses of relevant issues or situations, based on a consensus of opinion among LCCASSOCK's journalistic contacts. Except for incidental queries regarding events or personalities, no KUTUBE intelligence requirements are levied under the project. LCCASSOCK informational reporting is thus regarded primarily as a source of KUCAGE background and operational material.

4h. (1) The problem of project cover is currently being resolved through LCCASSOCK legalization and, if it is implemented on a permanent basis, through commercialization.

(2) Cover for case officer contact with the project principals remains unchanged, that is, the P/A and his chief associate (LCCASSOCK-4) accept the case officer as an ODYOKE intelligence official and very probably assume KUBARK sponsorship (although the latter has never been confirmed for them). Other principal LCCASSOCK staffers have met the present case officer, are cognizant of ODYOKE sponsorship of the project and are presumed to have had their suspicions of ODYOKE intelligence backing confirmed for them through their long association with LCCASSOCK principals.

(3) Operational control is exerted only through the two principals of the project--LCCASSOCK-1 and LCCASSOCK-4; contact with their subordinates is held to a minimum. At the present time, case officer guidance and control over LCCASSOCK media production and personnel are not as immediate and effective as the case officer would like them to be. In the coming operational year, it is hoped that this operational weakness can be overcome and that an increased measure of case officer direction over project activities can be implemented without impairing the operational elan or morale of project principals. (See paragraph 4i-(3) below.)

(4) The security of the case officer relationship to LCCASSOCK principals is believed to be jeopardized somewhat by the current practice of holding meetings in the overt LCCASSOCK editorial office, since such visits by the case officer could conceivably become the focal point of oppositional surveillance designed to confirm our sponsorship of the firm. This security problem has been minimized by careful case officer security precautions when visiting the office and, in the past months, has been partially resolved by holding at least half of all meetings at the P/A's home or in a safehouse.

(5) The security of project activities and operations is considered good. A few arrests within the hand distribution teams and instances of harassment action against the organization during the past year (reported in regular monthly reports and separate dispatches) are not believed to have affected the security or effectiveness of the project.

4i. (1) The LCCASSOCK P/A is LCCASSOCK-1. No pseudonym has been assigned to him.

(2) Meetings between him and the case officer are held normally once a week.

(3) It has long been recognized that LCCASSOCK-1 is a highly skilled and original propagandist; and his initiative and planning in this field are fully appreciated and respected by the present case officer. At the same time, it should be noted that LCCASSOCK-1's operational ideas, while always original and sometimes brilliant, are not always consonant with KUCAGE tactics

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or objectives as represented by the case officer. Not infrequently he tends to become restless under KUBARK direction and to avoid guidance. In fairness it should be added that these disagreements have usually involved specific recommended KUCAGE actions and have not been pressed by LCCASSOCK-1 in instances of major KUBARK policy direction (e.g., elimination of certain media, commercialization), however reluctantly he may have acceded to our wishes. Over the coming year the case officer expects to increase steadily KUBARK direction and control of LCCASSOCK organizational assets, to the extent required by specialized KUCAGE requirements, tightened financial considerations and the need to further modify project operations.

4j. NA

4k. NA

4l. NA

4m. BOB operational planning for FY 1959, based on the reorganization program already initiated and detailed in EGBA-47295, 7 April 1958 and on the recommendations and budgetary provisions authorized in EGBW-10564, 13 August 1958, is transmitted under separate cover as Attachment C.

4n. A revised breakdown of estimated project costs for FY 1959, based on the Attachment C operational program, is forwarded as Attachment B.

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Estimated breakdown of FY 1959 LCCASSOCK expenditures--based on anticipated salary rates, a cost analysis of project operations during FY 1958, the Attachment C FY 1959 operational program, and the budgetary provisions authorized in EGBW-10564, 13 August 1958.

Functional breakdown:

Management, administration, maintenance:

Salaries	DMW	<input type="checkbox"/>	
Employee benefits			
Travel, public relations			✓
Rent, housekeeping, office expenses			✓
Inventory additions			
Insurance, security			
Business taxes	_____	DMW	<input type="checkbox"/>

Editorial and writing:

Salaries	<input type="checkbox"/>	<input type="checkbox"/>	
Honorare, research, source material	_____	<input type="checkbox"/>	<input type="checkbox"/>

Printing and physical production:

Salaries	<input type="checkbox"/>	<input type="checkbox"/>	
Inside printing			
Outside printing	_____	<input type="checkbox"/>	<input type="checkbox"/>

Distribution:

Salaries	<input type="checkbox"/>	<input type="checkbox"/>	
Fees and mailing charges			
Transportation costs	_____	<input type="checkbox"/>	<input type="checkbox"/>

Total estimated FY 1959 expenditures

	DMW	<input type="checkbox"/>	*
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*Includes special \$10,000 CAGHOUL grant in first quarter of FY 1959.

Structural breakdown:

Fixed costs:

Salaries	DMW	<input type="checkbox"/>	
Employee benefits			
Rent, housekeeping, office expenses			
Insurance, security			
Business taxes	_____	DMW	<input type="checkbox"/>

Variable costs:

Administrative:

Travel, public relations	<input type="checkbox"/>	<input type="checkbox"/>	
Inventory additions			

Editorial and writing:

Honorare, research, material	<input type="checkbox"/>	<input type="checkbox"/>	
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Printing and physical production:

Inside printing	<input type="checkbox"/>	<input type="checkbox"/>	
Outside printing	_____	<input type="checkbox"/>	<input type="checkbox"/>

Distribution:

Fees and mailing charges	<input type="checkbox"/>	<input type="checkbox"/>	
Transportation costs	_____	<input type="checkbox"/>	<input type="checkbox"/>

Total estimated FY 1959 expenditures

	DMW	<input type="checkbox"/>	*
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*Includes special \$10,000 CAGHOUL grant in first quarter of FY 1959.

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Proposed LCCASSOCK FY 1959 Operational Program:

1. Based on the preliminary operational program transmitted in EGBA-47295, 7 April 1958, and the subsequent views and recommendations of COS and Headquarters, as defined in EGBW-10564, 15 August 1958, the following further steps in a reorganization of LCCASSOCK are proposed:

2. General premises:

a. The KUCAGE potential of LCCASSOCK should not be materially impaired by the financial or operational restrictions which are being currently imposed. This means that cutbacks resulting from a reduced budget will be considered primarily in the areas of non-salary administrative costs, purely administrative salary costs, and variable production and distribution activities, rather than in the KUCAGE editorial and distribution staffs.

b. A program of limited commercialization, as originally proposed in EGBA-47295, 7 April 1958 and reviewed in the analysis forwarded under EGBA-52315, 15 September 1958, should be continued, primarily as a means of building permanent business cover, secondarily as a source of independent financial support and as an instrument of indirect KUCAGE propaganda. The extent and pace of this aspect of LCCASSOCK will be conditioned strictly by the need to retain and further modify the project's KUCAGE capability, under a reduced KUBARK subsidy.

c. Concurrent with the above changes, KUCAGE activities should be further modified, with a view to emphasizing those media which are presumed to have a maximum impact on key target groups and which lend themselves to LCCASSOCK's pin-pointed mail operations. The latter should be correspondingly improved and expanded. The ultimate objective here should be ultimately to reorient our relationship to LCCASSOCK from support of a program of regular publications of general KUCAGE influence to selective purchase of specific media for specific purposes. Realization of this long-range goal will be conditioned by our willingness to continue our general project subsidy, albeit at reduced levels, during the transition period; by the rate at which commercial viability is achieved; and by the timing and extent of future HEGROPING participation and support.

d. The increasing ability of LCCASSOCK to distribute propaganda into the USSR and the East European satellite area, as well as into the Soviet zone of Germany, via West German and West Berlin mail channels, should be recognized and encouraged, to an extent commensurate with a developing HEGROPING Eastern policy and in coordination with other KUBARK propaganda operations and requirements vis-a-vis these areas. In this connection, we invite attention to the increasing need for Western German-language publications in this larger area to offset the influence of Communist German-language media and to attract new supporters for Titoist/Gomulskist deviationism.

NOTE: Our original proposals along this line were forwarded in EGBA-48330, 7 April 1958. In that dispatch we proposed a greater emphasis on West German distribution of LCCASSOCK media and a correspondingly decreased emphasis on the less effective DIA mailing of GDR publications. The above statement in effect summarizes our EGBA-48830 proposals and, beyond that, envisages a complete cessation of DIA mailings in FY 1959. Operational implementation of the program proposed in EGBA-48330 will await receipt of Headquarters views and approval; the elimination of DIA mailings, as an adjunct thereto, is included in the specific operational measures proposed below.

e. KUBARK efforts to enlist the participation of HEGROPING elements in LCCASSOCK, either in the form of specific purchases of media or distributing services or via financial support for the firm as such, should be intensified,

to augment the promising HBGROPING contacts currently being developed by LCCASSOCK principals (see paragraph 29 of EGBA-52315, 15 September 1958).

3. Specific proposals:

a. The present KUCAGE staff of LCCASSOCK will remain substantially as at present. No additional editorial, production or distribution staffers will be hired during FY 1959, either for commercialization or KUCAGE slots, except as replacements for departing personnel. Vacancies left by certain administrative and distribution clerical personnel expected to be released in the coming months will not be filled; other more important administrative-distribution jobs vacated by normal employee turnover will be filled by replacements.

b. Fixed non-salary administrative costs will be reduced gradually. Savings in this category are expected to result from the following measures, among others: (1) a merging of the presently separate production/distribution office and distribution control office, thereby reducing rent payments. This move will leave LCCASSOCK with two rather than three offices: an administrative/editorial office and a combined production/distribution and distribution control office. (2) A simplification of reporting procedures under the project, thereby reducing the administrative workload (and cost) somewhat. (3) A reorganization of correspondents (kunde) and mailing list (kartei) files. By simplifying the presently elaborate dossier and carding system, some savings can be realized.

c. Clandestine hand distribution operations across sector or zonal borders have already been discontinued. These operations have generally been regarded as secure, despite the recent arrest of a Strange XX distributor (see EGBA-49774, 14 May 1958) and the discovery in July of an instance of an LCCASSOCK sub-distributor dumping media in West Berlin (to be reported in the forthcoming July progress report). Because of their relatively low efficiency and reliability as distribution mechanisms, however, it was decided to terminate all across-border hand distribution (thus terminating completely Strange III, V, VI and X) and to retain only "hand-out" outlets in West Berlin (via Strange XIV, XV, and XVII and through two established outlets, Amerikahaus and Buecherei Ost). Henceforth, distribution of Identity 2 and other "black" publications that may be produced from time to time will be made via other infiltration methods, possibly via an ostensible or fictitious West Berlin or West German sponsoring group.

d. Two CARDINALE publications, in addition to the monthly Identity 1, will be produced under the project budget during FY 1959 in a total of four issues: One Identity 3 (produced in August for current distribution, sample copies of which are being separately forwarded) and three Identity 4's. The latter will appear during the three remaining quarters of FY 1959. Under the reduced budget, each Identity 4 issue will be reduced in both quality and quantity, but content and target objectives will remain unchanged.

e. Identity 1 will be produced monthly, primarily for commercial marketing, at a gradually increasing volume, expected to reach 30,000 by the end of FY 1959. The details of this program are contained in EGBA-52315, 15 September 1958.

f. Two specialized items will be produced on LCCASSOCK's own printing press each month, from funds allotted for this purpose under the budget. These will include Identities 2, 5-8, and such other items as may be deemed appropriate and feasible. In each case the item will be planned and prepared with a specific KUCAGE development or objective in mind and will be targeted accordingly.

g. Production of special publications requiring outside printing will be considered and proposed from time to time, as warranting special (CAGHOUL) funds. Identity 9 will be included in this category. Other special actions

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will be recommended for the purpose of exploiting specific developments as they arise, preferably for limited distribution to key target elements.

h. LCCASSOCK's East German mailing lists will be expanded and improved, with increasing emphasis on priority target groups.

i. The LCCASSOCK mail apparatus will be subjected to continuing checks and analysis in order to improve its efficiency and security. A comprehensive survey along these lines, including an analysis of available information on the extent and success of East German postal controls, is presently being prepared by LCCASSOCK-4 (see paragraph 3-b of EGBA-52244, 2 September 1958).

j. Distribution of LCCASSOCK German-language publications (CARDINALE and specialized items) into the Soviet bloc (in addition to the Soviet zone) will be continued. Further development and expansion of this program will await receipt of Headquarters views in reply to the proposals contained in EGBA-48330, 7 April 1958.

k. The DIA mailing program will be eliminated, for both operational and financial reasons. With the termination of hand distribution operations into East Berlin (see paragraph 3-c above), this program has already been for all practical purposes suspended. Its termination in FY 1959 should in no way impair the over-all KUCAGE capability of the project and should save funds presently being spent for GDR publications.

Suggestions for Possible Future Headquarters Revision of the
Current LCCASSOCK Project Outline:

(keyed to relevant paragraphs of project outline forwarded
under EGBW-7725, 24 July 1957)

1. OBJECTIVE: Headquarters may want to expand this statement to include specifically Soviet bloc, as well as East German, operational coverage, depending upon final Headquarters views and recommendations with respect to the proposals contained in EGBA-48330, 7 April 1958.

2. ORIGIN AND POLICY GUIDANCE: No change.

3. SITUATION:

Paragraph a. No change.

Paragraph b. Suggest description of CARDINALE publications be revised as follows: "Two regularly appearing publications: one published quarterly for KUCAGE distribution; the other published monthly for West German commercial marketing and limited KUCAGE distribution." Suggest "Targeted Letter series" be renamed "specialized items."

Paragraph c. Suggest phrase "hand-outs along the borders of West Berlin" be changed to read "hand-outs via West Berlin distribution outlets."

Suggest following additional paragraph d: "As of 1 January 1958 the above propaganda activities have been carried out by LCCASSOCK under cover of a legally incorporated West Berlin publishing firm. More recently this firm has begun to produce and market its own commercial publications for the West German market and to offer promise of eventually establishing itself as an independently viable commercial enterprise. Concurrent with this development, the chances for outside HEGROPING financial support for LCCASSOCK activities have increased."

4. PROPOSAL: (1) See comment under OBJECTIVES above. (2) Suggest following additional phrase: "....., under cover of a legitimate commercial publishing business."

5. OPERATIONAL OUTLINE:

Paragraph a. (1) Re first sentence: See comment under OBJECTIVES above. (2) Suggest second sentence be revised as follows: "This propaganda will include regular, documentary and specialized items, including, whenever operationally desirable and feasible, black, falsified and harassment media (not mutually exclusive categories)."

Paragraph b. No change.

Paragraph c. Suggest first part of paragraph 1) be revised to read: "The LCCASSOCK firm is located in West Berlin. Excluding maintenance personnel, its staff is currently composed of the P/A, an administrative assistant/secretary, two administrative clerks, two chief editors, three assistant editors, six administrative/editorial clerks, two printers, a typesetter, a distribution chief and 10 production/distribution clerks. Two editorial contributors are engaged on a regular honorare basis. The P/A and the five staff editorial workers who write, edit and make up the material for distribution have journalistic backgrounds and have had personal experience with conditions in the Soviet Zone. In addition to the permanent headquarters staff, free lance journalists with specialized knowledge of Soviet bloc affairs are employed on an irregular honorare basis. The administrative/editorial offices and the

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production/distribution offices are located in separate buildings in West Berlin." Suggest paragraph 2) be eliminated.

Paragraph d. (1) See comment under OBJECTIVES above. (2) Suggest target group listing be revised to read: ".....the intelligentsia, editors and journalists, middle class tradespeople, SED members and other political and mass organizations, the MfS, and other (active or (potentially active elements in the target area."

Paragraph e. No change.

Paragraph f. No change.

6. SECURITY:

Paragraph a. This section should be revised to accord with legalization and funding arrangements newly established for LCCASSOCK.

Paragraph b. No change.

Paragraph c. No change.

Paragraph d. Suggest that "possible penetration of the LCCASSOCK organization" be included as one of the risks involved.

7. COORDINATION:

Paragraph a. No change.

Paragraph b. Propose that "hand distribution" be dropped as one of the methods of LCCASSOCK distribution, leaving mail (as the major method), supplemented by West Berlin sector border hand-outs and sales. (See Attachment C, operational program.)

Paragraph c. Suggest paragraph 1) statement be revised to read: "Co-ordination with HEGROPING agencies is minimal at present but may increase in scope if and when HEGROPING participation in LCCASSOCK operations materializes." No change in paragraph 2) statement.

8. CONTROL:

Paragraph a. Suggest revision as follows: "Berlin Operations Base exercises direct control by means of financial subsidy and editorial guidance. General pre-publication editorial control is maintained on each regular KUCAGE publication; specific pre-publication control is exercised on each special production and distribution action."

Paragraph b. No change.

9. BUDGET DATA: Subject to revision in accordance with FY 1959 budgetary authorizations for LCCASSOCK.

10. SUPPORT DATA: No change.

11. GENERAL CONSIDERATIONS:

Paragraph a. Suggest up-dating statistical data in last sentence, in accordance with recent field reporting.

Paragraph b. No change.

Paragraph c. Suggest possible revision per comment under OBJECTIVES above.

Paragraph d. Suggest possible revision of last sentence per comment under OBJECTIVES above.

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<p>Paragraph e. No change.</p> <p>Paragraph f. No change.</p>			
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CONTINUATION OF DISPATCH	CLASSIFICATION S E C R E T	DISPATCH SYMBOL AND NO. Separate Cover Attachment E to EGBA-52531		
<p>Identity 1: <u>Schlagzeug</u></p> <p>Identity 2: <u>SED Lagerbericht</u></p> <p>Identity 3: <u>Fernschreiber</u></p> <p>Identity 4: <u>Epoche</u></p> <p>Identity 5: <u>NAD</u></p> <p>Identity 6: <u>Wirtschaft Ost und West</u></p> <p>Identity 7: <u>WIM</u></p> <p>Identity 8: falsifications, black, and harassment letters</p> <p>Identity 9: <u>Tunnel GmbH</u></p>				
FORM 53c 10-57 (40)	USE PREVIOUS EDITION. REPLACES FORMS 51-28, 51-28A AND 51-29 WHICH ARE OBSOLETE.	CLASSIFICATION S E C R E T	<input type="checkbox"/> CONTINUED	PAGE NO. 1

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